



HONG KONG HEALTH CHECK AND LABORATORY HOLDINGS COMPANY LIMITED

香港體檢及醫學診斷控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 397)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2008

FINANCIAL HIGHLIGHT

For the year ended 31 March 2008:

- The Group recorded a revenue of approximately HK\$70,132,000, representing an increase of 344% as compared with prior year.
- Profit attributable to equity holders of the Company amounted to approximately HK\$43,077,000 (2007: loss of HK\$52,818,000 attributable to equity holders of the Company).
- The Board does not recommend the payment of any dividend.

* *For identification purposes only*

RESULTS

The board of directors (the “Board”) of Hong Kong Health Check and Laboratory Holdings Company Limited (the “Company”) announces the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 March 2008 together with comparative figures for the previous year in 2007 as follows:

CONSOLIDATED INCOME STATEMENT

	<i>Notes</i>	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Revenue	3	70,132	15,813
Other income		8,896	1,723
Changes in inventories and clinical supplies consumed		(20,425)	(3,914)
Employee benefits expense		(61,090)	(22,930)
Depreciation expense		(13,307)	(3,490)
Gain/(loss) on fair value changes on held-for-trading investments		(25,491)	1,242
Gain on disposal of subsidiaries	4	37,250	–
Finance costs	5	(21,236)	(6,357)
Share of result of a jointly controlled entity		235,642	–
Loss on early redemption options embedded in convertible bonds		(122,063)	–
Other operating expenses		(46,752)	(26,298)
Profit/(Loss) before tax		41,556	(44,211)
Income tax	6	494	(8,967)
Profit/(Loss) for the year	7	42,050	(53,178)
Attributable to:			
Equity holders of the Company		43,077	(52,818)
Minority interests		(1,027)	(360)
		42,050	(53,178)
Dividends		–	–
Earnings/(loss) per share	8		
–Basic and diluted (HK cents per share)		1.07	(3.9)

CONSOLIDATED BALANCE SHEET

	<i>Notes</i>	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		118,239	92,831
Goodwill		22,121	22,121
Interest in a jointly controlled entity		233,510	–
Available-for-sale investments		31,210	–
		<u>405,080</u>	<u>114,952</u>
Current assets			
Inventories of clinical supplies, at cost		763	362
Trade and other receivables	9	14,239	19,757
Amount due from a related party		50,120	–
Amount due from a jointly controlled entity		33,706	–
Tax recoverable		510	48
Held-for-trading investments		200,981	71
Conversion options embedded in convertible bonds		33,994	–
Early redemption options embedded in convertible bonds		14,554	–
Pledged bank deposits		12,000	10,000
Bank balances and cash		118,700	18,288
		<u>479,567</u>	<u>48,526</u>
Current liabilities			
Trade and other payables	10	13,546	19,954
Bank and other borrowings – due within one year		10,240	48,385
Tax liabilities		–	289
		<u>23,786</u>	<u>68,628</u>
Net current assets/(liabilities)		<u>455,781</u>	<u>(20,102)</u>
Total assets less current liabilities		<u>860,861</u>	<u>94,850</u>
Non-current liabilities			
Bank and other borrowings – due after one year		–	18,708
Deferred tax liabilities		19,527	9,124
Convertible bonds		282,203	47,797
		<u>301,730</u>	<u>75,629</u>
Net assets		<u><u>559,131</u></u>	<u><u>19,221</u></u>
Capital and reserves			
Share capital		45,596	26,298
Reserves		513,054	(17,585)
Equity attributable to the equity holders of the Company		<u>558,650</u>	8,713
Minority interests		481	10,508
Total equity		<u><u>559,131</u></u>	<u><u>19,221</u></u>

Notes:

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values. The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). In addition, the consolidated financial statements include applicable disclosure required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied, for the first time, the following new standard, amendment and interpretations (“new HKFRSs”) issued by HKICPA, which are effective for the Group’s financial year beginning 1 April 2007.

HKAS 1 (Amendment)	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC) – Int 8	Scope of HKFRS 2
HK(IFRIC) – Int 9	Reassessment of Embedded Derivatives
HK(IFRIC) – Int 10	Interim Financial Reporting and Impairment
HK(IFRIC)-Int 11	HKFRS 2: Group and Treasury Share Transactions

The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has applied the disclosure requirements under HKAS 1 (Amendment) and HKFRS 7 retrospectively. Certain information presented in prior year under the requirements of HKAS 32 has been removed and the relevant comparative information based on the requirements of HKAS 1 (Amendment) and HKFRS 7 has been presented for the first time in the current year.

The Group has not early applied the following new and revised standards or interpretations that have been issued but are not yet effective.

HKAS 1 (Revised)	Presentation of Financial Statements ¹
HKAS 23 (Revised)	Borrowing Costs ¹
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ²
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation ¹
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations ¹
HKFRS 3 (Revised)	Business Combinations ²
HKFRS 8	Operating Segments ¹
HK(IFRIC)-Int 12	Service Concession Arrangements ³
HK(IFRIC)-Int 13	Customer Loyalty Programmes ⁴
HK(IFRIC)-Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction ³

- ¹ Effective for annual periods beginning on or after 1 January 2009
² Effective for annual periods beginning on or after 1 July 2009
³ Effective for annual periods beginning on or after 1 January 2008
⁴ Effective for annual periods beginning on or after 1 July 2008

The directors of the Company anticipate that the application of these standards or interpretations will have no material impact on the results and the financial position of the Group.

3. SEGMENT INFORMATION

In accordance with the Group's internal financial reporting, the Group has determined that business segments be presented as the primary reporting format and geographical segments as the secondary reporting format.

Business segments	Provision of		Manufacturing and		Trading		Consolidated	
	healthcare and		sales of garment		of securities			
	2008	2007	2008	2007	2008	2007	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
REVENUE								
Segment revenue	<u>70,132</u>	<u>15,813</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>70,132</u>	<u>15,813</u>
RESULT								
Segment results	(40,538)	(25,872)	-	-	(26,599)	1,055	(67,137)	(24,817)
Unallocated income							7,401	1,227
Unallocated corporate expenses							(28,301)	(14,264)
Gain on disposal of subsidiaries							37,250	-
Finance costs							(21,236)	(6,357)
Share of result of a jointly controlled entity							235,642	-
Loss on early redemption options embedded in convertible bonds							(122,063)	-
Profit/(Loss) before tax							41,556	(44,211)
Income tax							494	(8,967)
Profit/(Loss) for the year							<u>42,050</u>	<u>(53,178)</u>
BALANCE SHEET								
ASSETS								
Segment assets	130,496	134,292	-	390	200,981	71	331,477	134,753
Interest in a jointly controlled entity							233,510	-
Unallocated corporate assets							319,660	28,725
Consolidated total assets							<u>884,647</u>	<u>163,478</u>

Business segments	Provision of		Manufacturing and		Trading		Consolidated	
	healthcare and		sales of garment		of securities			
	2008	2007	2008	2007	2008	2007	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
LIABILITIES								
Segment liabilities	6,656	11,279	-	3,347	-	-	6,656	14,626
Unallocated corporate liabilities							<u>318,860</u>	<u>129,631</u>
Consolidated total liabilities							<u><u>325,516</u></u>	<u><u>144,257</u></u>
OTHER INFORMATION								
Capital expenditure	38,770	96,309	-	-	-	-	38,770	96,309
Addition of goodwill	-	22,121	-	-	-	-	-	22,121
Excess of the Group's interest in the net fair value of an acquiree's identifiable assets, liabilities and contingent liabilities over cost recognized immediately in profit or loss	-	(486)	-	-	-	-	-	(486)
Depreciation of property, plant and equipment	13,307	3,490	-	-	-	-	13,307	3,490
Equity-settled share-based payments expenses	11,200	90	-	-	-	-	11,200	90

Geographical segments

No further geographical segment information is presented as over 90% of the Group's revenue is derived from customers in Hong Kong and over 90% of the Group's assets are located in Hong Kong.

4. GAIN ON DISPOSAL OF SUBSIDIARIES

The amount represents the gain on disposal of the Group's entire equity interests in Rollstone Limited and its wholly owned subsidiary, 上海凱祥服飾有限公司. The subsidiaries disposed did not contribute significantly to the Group's operating results and cash flows for the years ended 31 March 2007 and 2008.

5. FINANCE COSTS

	2008	2007
	HK\$'000	HK\$'000
Interest on:		
- Bank borrowings wholly repayable within five years	1,070	1,194
- Bank overdrafts	81	67
- Convertible bonds	18,998	5,096
Loss on early redemption of convertible bonds	<u>1,087</u>	<u>-</u>
	<u><u>21,236</u></u>	<u><u>6,357</u></u>

6. INCOME TAX

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Current tax:		
– Hong Kong Profits Tax	–	134
– Overprovision of current tax in prior years	(3)	–
Deferred tax	(491)	8,833
	<u> </u>	<u> </u>
Tax (credit)/charge for the year	<u>(494)</u>	<u>8,967</u>

Hong Kong profits tax is calculated at 17.5% (2007: 17.5%) on the net estimated assessable profits for the year.

No People's Republic of China ("PRC") income tax has been provided in respect of the Group's PRC subsidiary since it incurred tax losses for the year.

7. PROFIT/(LOSS) FOR THE YEAR

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Profit/(Loss) for the year has been arrived at after charging:		
Staff costs:		
– Directors' emoluments	4,373	4,075
– Other staff costs	44,727	18,432
– Other staff retirement benefits scheme contributions	1,221	423
– Equity-settled share-based payments expenses	10,769	–
	<u> </u>	<u> </u>
	<u>61,090</u>	<u>22,930</u>
Auditors' remuneration	733	480
Cost of inventories recognized as an expense	20,425	3,914
Depreciation of property, plant and equipment	13,307	3,490
Operating lease rentals in respect of land and buildings	10,137	2,435
Total equity-settled share-based payments expenses	11,200	90
	<u> </u>	<u> </u>

8. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings/(loss) per share attributable to the ordinary equity holders of the Company is based on the profit for the year attributable to equity holders of the Company of approximately HK\$43,077,000 (2007: loss of HK\$52,818,000) and on the weighted average number of ordinary shares of approximately 4,021,061,000 (2007: 1,358,315,000).

For the year ended 31 March 2008, the computation of diluted earnings per share did not assume the exercise of the Company's outstanding share options and the conversion of the convertible bonds since their exercise would result in an increase in earnings per share.

For the year ended 31 March 2007, the computation of diluted loss per share did not assume the exercise of the Company's outstanding share options and the conversion of the convertible bonds since their exercises would result in a decrease in loss per share.

9. TRADE AND OTHER RECEIVABLES

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Trade receivables	5,660	5,766
Less: Accumulated impairment	—	(671)
	<u>5,660</u>	<u>5,095</u>
Other receivables	8,579	14,662
	<u>8,579</u>	<u>14,662</u>
Total trade and other receivables	<u><u>14,239</u></u>	<u><u>19,757</u></u>

Notes:

- (i) Most of the patients of the medical check centers settle in cash. The Group allows an average credit period of 30 to 90 days to its trade customers.

The following is an aged analysis of trade receivables at the balance sheet date:

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
0-60 days	3,364	3,194
61-90 days	817	598
Over 90 days	1,479	1,303
	<u>1,479</u>	<u>1,303</u>
	<u><u>5,660</u></u>	<u><u>5,095</u></u>

- (ii) At 31 March 2008, all trade receivables of the Group are neither past due nor impaired. These receivables relate to a wide range of customers for whom there is no recent history of default.

10. TRADE AND OTHER PAYABLES

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Trade payables	1,717	1,969
Other payables	11,829	17,985
	<u>11,829</u>	<u>17,985</u>
	<u><u>13,546</u></u>	<u><u>19,954</u></u>

The following is an aged analysis of trade payables at the balance sheet date:

0-60 days	1,429	798
61-90 days	22	17
Over 90 days	266	1,154
	<u>266</u>	<u>1,154</u>
	<u><u>1,717</u></u>	<u><u>1,969</u></u>

DIVIDENDS

The Board does not recommend the payment of any dividend.

CHAIRMAN'S STATEMENT

On behalf of Hong Kong Health Check and Laboratory Holdings Company Limited (“Hong Kong Health Check” or the “Company”), I am pleased to present this annual report for the year ended 31 March, 2008 to our shareholders.

Business review

2007/08 was a year of significant achievements for Hong Kong Health Check. For the year ended 31 March 2008, we made significant progress in building a solid foundation and venturing into the fast-growing China health check and medical diagnosis market. The profit attributable to equity holders of the Company for the year ended 31 March 2008 stood at HK\$43,077,000.

Our objective is to be a leading provider of health check and medical diagnostic services in Hong Kong and the Mainland China markets.

Building a Strong Base for Growth

We are the first laboratory centre in Hong Kong incorporating the three top-end imaging modalities – 64 Slice CT, 3T MRI and PET/CT – in a single location. Our clientele has been expanding rapidly since the opening of our flagship Health Check Centre located at 348 Nathan Road in 2006.

Our continuous effort in optimizing one-stop comprehensive services has led to a swift expansion of our client base. We serve different customers, including corporations, private doctors and Hospital Authority. The Group's competitive edge lies in establishing a long-term collaborative arrangement with hospitals, physician groups and other healthcare providers.

To improve the quality of healthcare for people who live and work in both urban and sub-urban districts, we have established satellite diagnostic centers in the densely populated Kwun Tong and Shatin districts and will extend our network to cover districts like Tai Kok Tsui and Tseung Kwan O.

We have built a well-recognized brand name and an experienced management team with extensive knowledge of the highly competitive health check and medical diagnostic industry. Our reputation and knowledge provides us the unique ability to leverage our versatile network and capitalize on this fast-growing healthcare sector.

Sustaining Operational Efficiency

We pursue a strategy that focuses on expanding the business through acquisition of competitors in Hong Kong. In June 2007, the Group completed a deal acquiring approximately 49% equity interest in Group Benefit Development Limited (the “Group Benefit”), a local company that specialized in the provision of medical diagnostic scanning and laboratory services. The acquisition enabled the Group to enhance its market share and to increase the number of its health check centres to eight in Hong Kong.

The Group is now able to achieve operational, purchasing and administrative efficiencies, including the ability to maximize utilization through efficient deployment of resources. We also achieve savings in the purchase of equipment and secure favorable service and maintenance contracts from equipment manufacturers. All these lead to operational excellence and a marked increase in profit margin.

Reaching Out to the Public

We seek to leverage our market position and increase our customer base. We have adopted a prudent approach in setting new sources of revenue, expanding business relationships and maintaining present business alliances. Marketing activities include appointing spokespersons to enhance corporate image, offering sponsorships for health-related events e.g. FIVB World Grand Prix – Hong Kong in both 2007 and 2008, direct marketing to hospitals and developing leads through customers and equipment manufacturers.

Our Group is also committed to raising public awareness on “Health Management” through provision of intensive educational programs to the community. Free weekly seminars and workshops are held in our health check centers to encourage the public’s participation.

Venturing into Mainland China

With improvements in living standards, a growing demand for quality healthcare and a high level of awareness of the importance of health check, the Mainland China market provides excellent business opportunities for the Group.

In view of the vast opportunities generated by the tremendous economic growth in the Mainland China and rising demand for medical diagnostic services, Hong Kong Health Check entered into a management agreement with The Sixth Affiliated (Gastrointestinal) Hospital, Sun Yat Sen University (“The 6th Affiliated Hospital”) to establish the Zhongshanyi Town Health Health Check and Imaging Diagnostic Centre (the “Zhongshanyi TH Health Check Centre”) at the Tianhe District in Guangzhou, China.

The cooperation with The 6th Affiliated Hospital, a renowned and prestigious medical institution in Guangzhou, marks a significant milestone for our Group. This is our first substantial investment and joint co-operative arrangement in the Mainland China, and is an important part of the company’s corporate strategy in the Mainland China market.

Under the agreement, Hong Kong Health Check would inject RMB50 million to procure the necessary medical equipments. The 6th Affiliated Hospital would refer or transfer its clients, patients, and specimens for check-ups or laboratory services in the Zhongshanyi TH Health Check Centre.

The 6th Affiliated Hospital has an extensive network along with a proven record of rapid growth and will provide the centre expertise and medical personnel uniquely valuable to the Zhongshanyi TH Health Check Centre. We believe the joint force allows us to provide comprehensive health check, laboratory and medical imaging services to better meet the needs of our customers in Guangzhou and the Pearl River Delta Region.

Prospect

Consolidate Market-Leading Position in Hong Kong

To match with the healthcare reform in Hong Kong, the Group is committed to providing full support to both private and public medical institutions. We allow hospitals, physician groups and other healthcare providers to enjoy the benefit of our imaging equipment without the need to invest their own capital directly. As a result of government initiatives that encourage private health care organizations to provide supplementary services to public institutions, we believe that the provision of quality health check and medical diagnosis and imaging services to public institutions' patients will grow and this will further boost our client base.

In addition, we will continue to develop our health check center business through an aggressive yet disciplined growth strategy, which focuses on building more satellite medical diagnostic centers. We see potential for growth through providing services in the rural district, which helps to consolidate our leadership position.

Strengthening Foothold in Mainland China

The health check and medical diagnosis market in mainland China remains largely untapped. According to "China Healthcare and Health Check Research" conducted by Bai Yan Information in 2008, revenue in the health check and related services and health insurance industry will reach RMB 20 billion and RMB 100 billion respectively in the next three to five years.

Our relationship with The 6th Affiliated Hospital allows us to showcase what we view as the optimum strategy for how health check centers serve their patients going forward. We will continue to seek for appropriate investment opportunities through collaboration with reputable health and medical institutions to further boost our health check and medical diagnostic business in China.

Being the first Hong Kong medical institution that has established a health check centre in China, the Group has further strengthened their business in China by investing in Core Healthcare Investment Holdings Limited ("Core Healthcare") (stock code: 8250), a company that participates in the China pharmaceutical business. We have become the largest shareholder in Core Healthcare through establishing a joint venture company with Town Health International Holdings Co. Ltd ("Town Health") (stock code: 8138) in November 2007. We are dedicated to boosting our corporate image in China by strengthening the health services platform.

Improving Corporate Citizenship

Our commitment to the community is a value deeply ingrained in how we do business. We believe in improving the communities where we work and live. Being a successful corporation is not an easy task. Besides focusing on our Group's business growth, we endeavor to be a caring company by assuming our corporate responsibility. The Group plans to establish a charity fund in 2008. It is aimed at supporting the elderly, children and those with long-term healthcare needs.

The earthquake happened in the Wenchuan County, Sichuan Province in the southwestern part of China on 12 May 2008 was a disaster which every Chinese should devote the best effort in the support and help those being affected to re-establish their homeland. The Group has donated HK\$1 million to the Home Affairs Department through which the money will be given to the disaster hit area.

We are a community of dedicated people working together to create value for our shareholders, customers and employees. On behalf of more than 170 employees, we appreciate your confidence in Hong Kong Health Check.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial review

The Group is set to build momentum thanks to an impressive record of revenue growth in the health check and medical diagnostic business. In 2007/08, the momentum increased at an unprecedented pace. The Group's turnover soared 344% to HK\$70,132,000 (2007: HK\$15,813,000), reflecting the success of our strategic business plan and operation. The revenue income was driven primarily by the core business of provision of health check and medical diagnostic services.

Basic earnings per share was HK1.07 cents. This was a substantial improvement from a loss of HK 3.9 cents a year ago.

Profit attributable to equity holders of the Company for the year ended 31 March 2008 was approximately HK\$43,077,000 (2007: loss of HK\$52,818,000 attributable to equity holders of the Company). In view of the Group's active development of its core health check and medical diagnostic services business and potential acquisitions or expansion opportunities, the Board does not recommend the payment of final dividend.

Review of operations

Rapid Growth Further Strengthens Market Positioning

During the year, the Group's business of provision of health check and medical diagnostic services has achieved sound results. Turnover increased by 344% to HK\$70,132,000. The demand for health check services continues to grow as public awareness on regular health check increases.

In June 2007, the Group completed a deal with Group Benefit, a local company that specialized in the provision of medical diagnostic scanning and laboratory services. The Group became one of the major shareholder of Group Benefit by acquiring 47.99% of its total issued share capital for more than HK\$23 million. Group Benefit has enjoyed a strong reputation in the local healthcare market. It has been in business for nearly twenty years and ran four health check centers in Hong Kong. The acquisition enabled the Group to take over a potential competitor and enlarged the Group's referral base by incorporating Group Benefit's existing clientele.

With the establishment of satellite medical diagnostic centers in the densely populated districts, Hong Kong Health Check boasts an extensive network and offers comprehensive health check and medical diagnostic services to customers, generating a steady source of revenue and improving the Group's financial standing.

Tapping into the China Healthcare & Medical Market

During the year under review, the Group made an important foray into the fast-growing China health check and medical diagnostic market. In February 2008, Hong Kong Health Check made the first substantial investment and joint cooperative arrangement in the PRC. The Group entered into a management agreement with The 6th Affiliated Hospital to establish the Zhongshanyi TH Health Check Centre. The Zhongshanyi TH Health Check Centre will be principally engaged in health check, medical diagnostic and medical laboratory services. Pursuant to the Agreement, the Group invests RMB50 million for the injection of medical equipment and enjoys an exclusive period of twenty years to operate and manage Zhongshanyi TH Health Check Centre.

Furthermore, the Group has collaborated with other companies to help expand its distribution network in China. A joint venture company which is 50% owned by the Group and 50% owned by Town Health entered into an agreement under which Core Healthcare agreed to issue convertible bonds with an aggregate principal amount of HK\$150 million on 6 November 2007. The transaction made the joint venture company the largest shareholder in Core Healthcare.

Liquidity and financial resources

As at 31 March 2008, the Group held cash and bank balances of approximately HK\$118,700,000 (2007: HK\$18,288,000). Net current assets amounted to approximately HK\$455,781,000 (2007: Net current liabilities HK\$20,102,000). Current ratio (defined as total current assets divided by total current liabilities) was 20.2 times (2007: 88%).

As at 31 March 2008, the Group had outstanding bank and other borrowings of approximately HK\$292,443,000 (2007: HK\$114,890,000). The bank borrowings bore interest at prevailing market rates and repayable in accordance with the relevant loan agreements. The Group's bank balances and borrowings were denominated in Hong Kong dollars, risk in exchange rate fluctuation would not be material. The bank borrowings bore interest at prevailing market rates and repayable in accordance with the relevant loan agreements.

Capital structure

As at 31 March 2008, the Group had shareholders' equity of approximately HK\$558,650,000 (2007: HK\$8,713,000).

On 27 April 2007, the Company placed 220,000,000 Tranche I Placing Shares to independent investors at a price of HK\$0.19 per Tranche I Placing Share.

On 25 June 2007, the Company placed 560,000,000 Tranche II Placing Shares to independent investors at a price of HK\$0.19 per Tranche II Placing Share. The gross proceeds from the Tranche I Placing and the Tranche II Placing was approximately HK\$148.2 million.

On 2 August 2007, the Company issued with an aggregate principal amount of HK\$500,000,000 Convertible Bonds II which was converted into 2,000,000,000 Shares at a conversion price of HK\$0.25 per Conversion Share. The gross proceed from the CB placing was approximately HK\$500 million

On 6 August 2007, the Company issued with an aggregate principal amount of HK\$250,000,000 Convertible Bonds I which was converted into 1,000,000,000 Shares at a conversion price of HK\$0.25 per Conversion Share. The gross proceed from the CB Placing was approximately HK\$250 million.

In September 2007, the Company has exercised its right to redeem the Convertible Bond I and the Convertible Bond II with a principal amounts of HK\$80,000,000 and HK\$200,000,000 respectively.

In June 2008, the Company has exercised its right to redeem the Convertible Bond II with a principal amounts of HK\$80,000,000.

CORPORATE GOVERNANCE

The Company endeavors in maintaining high standard of corporate governance for the enhancement of shareholders' value. The Company has complied with the code provisions set out in the Code on Corporate Governance Practices (the "Code") in Appendix 14 to the Listing Rules throughout the year ended 31 March 2008, except for the following deviations:

Code Provision A.4.1 stipulates that non-executive directors should be appointed for specific terms. However, all the non-executive directors of the Company have not been appointed for specific terms but are subject to rotation and re-election at the annual general meeting in accordance with the Bye-laws of the Company.

AUDIT COMMITTEE

The audit committee currently comprises three independent non-executive directors, Mr. Chan Chi Yuen, Mr. Lo Chun Nga and Mr. Chik Chi Man. The audit committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including the review of the audited financial statements of the Group for the year ended 31 March 2008.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 March 2008, the Company repurchased its own shares as follows:

Month of repurchase	Number of shares repurchased	Price per share		Aggregate consideration HK\$
		Highest HK\$	Lowest HK\$	
August 2007	4,440,000	0.305		1,354,200
October 2007	6,500,000	0.193	0.188	1,234,000
November 2007	2,000,000	0.204		408,000
January 2008	<u>5,020,000</u>	0.138	0.130	<u>682,600</u>
	<u>17,960,000</u>			<u>3,678,800</u>

The above shares were cancelled and accordingly the issued share capital of the Company was reduced by the par value of these shares which amounted to HK\$179,600. Apart from the repurchase of the shares as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares during the year ended 31 March 2008.

HUMAN RESOURCES AND REMUNERATION POLICY

As at 31 March 2008, the Group employed approximately 170 employees. The Group continues to maintain and upgrade the capabilities of its workforce by providing them with adequate and regular training. The Group remunerates its employees mainly based on industry practices and individual's performance and experience. On top of regular remuneration, discretionary bonus and share option may be granted to eligible staff by reference to the Group's performance as well as individual's performance. In addition, the Group provides provident fund to its employees in accordance with the statutory requirements of the respective jurisdictions in where the employees reside.

CHARGES ON GROUP ASSETS

As at 31 March 2008, certain property, plant and equipment of the Group with carrying value of approximately HK\$47,293,000 and bank deposits of HK\$12,000,000 were pledged to secure general bank facilities granted to the Group.

PUBLICATION OF RESULTS ON THE WEBSITE OF THE STOCK EXCHANGE

All the information required by paragraph 45 of Appendix 16 of the Listing Rules will be published on the website of the Stock Exchange in due course.

GENERAL

At the date of this announcement, the Board comprises seven executive directors, namely Dr. Fung Yiu Tong, Bennet, Mr. Lee Chik Yuet, Dr. Cho Kwai Chee, Miss Choi Ka Yee, Crystal, Dr. Hui Ka Wah Ronnie, JP, Mr. Cho Kwai Yee, Kevin, and Mr. Siu Kam Chau and three independent non-executive directors namely Mr. Chan Chi Yuen, Mr. Lo Chun Nga and Mr. Chik Chi Man.

By order of the board of directors of
Hong Kong Health Check and Laboratory Holdings Company Limited
Fung Yiu Tong, Bennet
Chairman

Hong Kong, 20 June 2008